

KEARNY COUNTY, KANSAS

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2011**

KEARNY COUNTY, KANSAS

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
County of Kearny, Kansas

We have audited the accompanying financial statements of Kearny County, Kansas, as of and for the year ended December 31, 2011, which collectively comprise the financial statements of the County's primary government as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The effect on the financial statements of the omission of the component units, although not reasonably determinable, is presumed to be material.

As described more fully in Note A, Kearny County, Kansas, has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

Further, in our opinion, because of the omission of the discretely presented component units, as discussed above, and because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County as of December 31, 2011, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the primary government of Kearny County, Kansas, as of December 31, 2011, its cash receipts and expenditures, and budgetary results for the year then ended on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

October 8, 2012

KEARNY COUNTY, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH

Year ended December 31, 2011

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>	<u>Cash receipts</u>
Governmental funds:			
General	\$ 1,951,416	\$ -	\$ 5,385,028
Special revenue funds:			
Road and bridge	297,107	-	2,622,257
Solid waste	128,696	-	87,706
County health	47,614	-	106,100
Noxious weed	256,874	-	216,257
Ambulance	241,554	-	425,645
Library	7,542	-	350,975
Appraiser's cost	80,266	-	129,051
Employee benefits	176,904	-	1,641,111
Special alcohol and drug	2,008	-	1,086
Non-budgeted special revenue funds:			
Capital equipment	5,000	-	174,788
Capital improvement	1,956,395	-	122,940
E-911	1,177	-	6,375
Airport improvement	-	-	152,232
Special machinery and equipment	1,176,022	-	430,700
Highway improvement	2,072,070	-	200,000
Special health and welfare	10,698	-	3,258
Health title XIX	30,944	-	41,756
Healthy start	11,956	-	5,645
Bio-terrorism grant	10,966	-	12,676
Pandemic flu	11,691	-	150
Special motor vehicle	3,500	-	42,392
Register of deeds technology	19,798	-	6,499
Prosecuting attorney's training	9,665	-	801
Debt service fund:			
HPRV/hospital bond debt service	51,853	-	1,540,038
Total - excluding agency funds	<u>\$ 8,561,716</u>	<u>\$ -</u>	<u>\$ 13,705,466</u>
Composition of cash balance:			
Petty cash			
Cash on hand			
Checking accounts			
Special health checking account			
Section 125 plan checking account			
Savings accounts			
Certificates of deposit			
Total cash			
Agency funds			
Total - excluding agency funds			

The accompanying notes are an integral
part of the financial statements.

<u>Expenditures</u>	<u>Residual equity transfers</u>	<u>Ending unencumbered cash balance (deficit)</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance</u>
\$ 5,572,781	\$ -	\$ 1,763,663	\$ 248,640	\$ 2,012,303
2,718,896	-	200,468	30,614	231,082
113,245	-	103,157	3,019	106,176
100,323	-	53,391	4,834	58,225
232,730	-	240,401	-	240,401
390,047	-	277,152	15,961	293,113
344,381	-	14,136	-	14,136
168,047	-	41,270	-	41,270
1,390,911	-	427,104	-	427,104
-	-	3,094	-	3,094
167,710	-	12,078	-	12,078
262,844	-	1,816,491	-	1,816,491
-	-	7,552	-	7,552
195,008	-	(42,776)	44,525	1,749
290,000	-	1,316,722	-	1,316,722
1,530,015	-	742,055	-	742,055
3,099	-	10,857	-	10,857
39,112	-	33,588	-	33,588
4,944	-	12,657	-	12,657
8,943	-	14,699	-	14,699
11,835	-	6	-	6
42,390	-	3,502	-	3,502
4,296	-	22,001	-	22,001
393	-	10,073	-	10,073
1,517,175	-	74,716	-	74,716
<u>\$ 15,109,125</u>	<u>\$ -</u>	<u>\$ 7,158,057</u>	<u>\$ 347,593</u>	<u>\$ 7,505,650</u>

\$ 80
 20,015
 109,307
 9,584
 23,647
 14,727,183
6,011,105
 20,900,921
(13,395,271)
\$ 7,505,650

KEARNY COUNTY, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

<u>Fund</u>	<u>Certified budget</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General	\$ 6,134,735	\$ 6,134,735	\$ 5,572,781	\$ 561,954
Special revenue funds:				
Road and bridge	2,813,250	2,813,250	2,718,896	94,354
Solid waste	150,300	150,300	113,245	37,055
County health	122,353	122,353	100,323	22,030
Noxious weed	334,790	334,790	232,730	102,060
Ambulance	482,350	482,350	390,047	92,303
Library	344,381	344,381	344,381	-
Appraiser's cost	175,004	175,004	168,047	6,957
Employee benefits	1,626,500	1,626,500	1,390,911	235,589
Special alcohol and drug	1,700	1,700	-	1,700
Debt service fund:				
HPRV/hospital bond debt service	<u>1,518,175</u>	<u>1,518,175</u>	<u>1,517,175</u>	<u>1,000</u>
 Total primary government	 <u>\$ 13,703,538</u>	 <u>\$ 13,703,538</u>	 <u>\$ 12,548,536</u>	 <u>\$ 1,155,002</u>

The accompanying notes are an integral
part of the financial statements.

KEARNY COUNTY, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 5,418,900	\$ 4,822,452	\$ 4,686,550	\$ 135,902
Delinquent tax	17,576	30,342	27,254	3,088
Motor vehicle tax	87,219	97,314	97,657	(343)
Recreational vehicle tax	-	-	4,419	(4,419)
16/20M truck tax	2,608	2,639	3,183	(544)
Antique tag tax	772	840	-	840
Interest on delinquent tax	10,826	27,327	10,000	17,327
Shared revenue:				
Severance tax	178,913	196,952	250,000	(53,048)
Other shared revenue	314	-	-	-
Licenses, permits and fees	82,928	78,501	45,000	33,501
Interest	122,834	46,098	150,000	(103,902)
Other	50,871	61,830	-	61,830
Operating transfers in	15,982	20,733	10,000	10,733
Total cash receipts	<u>5,989,743</u>	<u>5,385,028</u>	<u>\$ 5,284,063</u>	<u>\$ 100,965</u>
Expenditures:				
General government:				
County commissioners	73,974	72,945	\$ 74,892	\$ 1,947
County clerk	87,434	88,915	89,995	1,080
County treasurer	106,989	109,185	110,650	1,465
Register of deeds	72,828	65,645	78,325	12,680
County attorney	91,202	93,167	98,488	5,321
Custodian	48,276	45,417	51,800	6,383
Zoning	76,464	46,612	49,829	3,217
Unified courts	95,867	107,185	135,697	28,512
Courthouse general	407,037	576,096	885,350	309,254
Airport	7,196	17,864	49,800	31,936
Election	25,875	17,595	29,160	11,565
Special projects	48,753	49,437	53,118	3,681
County counselor	48,475	50,636	52,618	1,982
Community development	54,785	53,434	67,400	13,966
Appropriations:				
Weather modification	<u>22,031</u>	<u>22,031</u>	<u>22,031</u>	<u>-</u>
Total expenditures	<u>1,267,186</u>	<u>1,416,164</u>	<u>1,849,153</u>	<u>432,989</u>

KEARNY COUNTY, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET (CONTINUED)

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Public safety:				
Fire and rescue	\$ 266,529	\$ 308,620	\$ 323,400	\$ 14,780
Sheriff	1,190,304	1,169,544	1,267,141	97,597
	<u>1,456,833</u>	<u>1,478,164</u>	<u>1,590,541</u>	<u>112,377</u>
Highways and streets:				
Appropriations:				
City of Lakin	136,041	95,821	95,821	-
City of Deerfield	136,041	95,821	95,821	-
	<u>272,082</u>	<u>191,642</u>	<u>191,642</u>	<u>-</u>
Health and welfare:				
Appropriations:				
Mental health	43,537	43,537	43,537	-
WKCAC	10,000	10,000	10,000	-
CASA	2,000	2,000	2,000	-
Mental retardation	47,831	47,168	47,168	-
City on a Hill	4,000	4,000	4,000	-
	<u>107,368</u>	<u>106,705</u>	<u>106,705</u>	<u>-</u>
Culture and recreation:				
Beymer Water Recreation Park	24,859	39,156	39,850	694
Deerfield Community Center	52,566	59,287	66,000	6,713
Appropriations:				
Parks	18,500	18,500	18,500	-
Lakin Gun Club	-	-	1,500	1,500
Lakin Saddle Club	10,000	10,000	10,000	-
	<u>105,925</u>	<u>126,943</u>	<u>135,850</u>	<u>8,907</u>
Reimbursed expenditures	<u>(145,791)</u>	<u>(102,681)</u>	<u>(75,000)</u>	<u>27,681</u>

KEARNY COUNTY, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET (CONTINUED)

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Other financing uses:				
Operating transfers out:				
Capital improvement fund	\$ 1,020,000	\$ 20,000	\$ -	\$ (20,000)
Operating transfers to component units:				
Memorial Building	60,000	60,000	60,000	-
Kearny County Free Fair	115,000	115,000	115,000	-
Kearny County Historical Society	120,000	108,000	108,000	-
Kearny County Council on Aging	220,500	220,500	220,500	-
Extension Council	146,300	146,300	146,300	-
Kearny County Conservation District	65,000	65,000	65,000	-
Kearny County Hospital	964,260	1,621,044	1,621,044	-
	<u>1,691,060</u>	<u>2,335,844</u>	<u>2,335,844</u>	<u>-</u>
Total other financing uses	<u>2,711,060</u>	<u>2,355,844</u>	<u>2,335,844</u>	<u>(20,000)</u>
Total expenditures	<u>5,774,663</u>	<u>5,572,781</u>	<u>\$ 6,134,735</u>	<u>\$ 561,954</u>
Receipts over (under) expenditures	215,080	(187,753)		
Unencumbered cash, beginning of year	<u>1,736,336</u>	<u>1,951,416</u>	<u>\$ 850,672</u>	<u>\$ 1,100,744</u>
Unencumbered cash, end of year	<u>\$ 1,951,416</u>	<u>\$ 1,763,663</u>		

The accompanying notes are an integral
part of the financial statements.

KEARNY COUNTY, KANSAS

ROAD AND BRIDGE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 2,545,597	\$ 671,425	\$ 652,334	\$ 19,091
Delinquent tax	8,364	7,515	12,802	(5,287)
Motor vehicle tax	45,530	47,049	45,872	1,177
Recreational vehicle tax	-	-	2,077	(2,077)
16/20M truck tax	1,152	1,426	1,495	(69)
Antique tag tax	341	453	-	453
Shared revenue:				
Gasoline tax	273,784	394,389	265,737	128,652
Transfers in:				
Machinery and equipment	-	-	200,000	(200,000)
Highway Improvement	-	1,500,000	1,500,000	-
Total cash receipts	<u>2,874,768</u>	<u>2,622,257</u>	<u>\$ 2,680,317</u>	<u>\$ (58,060)</u>
Expenditures:				
Highway, streets and bridges:				
Personal services	575,988	576,124	\$ 688,000	\$ 111,876
Commodities	558,605	647,358	766,390	119,032
Contractual services	971,100	907,006	1,136,460	229,454
Capital outlay	272,667	202,970	222,400	19,430
Reimbursed expenditures	(19,625)	(14,562)	-	14,562
Transfers out:				
Special machinery and equipment fund	250,000	200,000	-	(200,000)
Highway improvement fund	250,000	200,000	-	(200,000)
Total expenditures	<u>2,858,735</u>	<u>2,718,896</u>	<u>\$ 2,813,250</u>	<u>\$ 94,354</u>
Receipts over (under) expenditures	16,033	(96,639)		
Unencumbered cash, beginning of year	<u>281,074</u>	<u>297,107</u>	<u>\$ 132,933</u>	<u>\$ 164,174</u>
Unencumbered cash, end of year	<u>\$ 297,107</u>	<u>\$ 200,468</u>		

The accompanying notes are an integral
part of the financial statements.

KEARNY COUNTY, KANSAS

SOLID WASTE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 64,132	\$ 84,496	\$ 81,963	\$ 2,533
Delinquent tax	279	534	321	213
Motor vehicle tax	3,411	1,609	1,152	457
Recreational vehicle tax	-	-	52	(52)
16/20M truck tax	136	95	38	57
Antique tag tax	40	31	-	31
Miscellaneous	8,031	941	-	941
Total cash receipts	<u>76,029</u>	<u>87,706</u>	<u>\$ 83,526</u>	<u>\$ 4,180</u>
Expenditures:				
Sanitation:				
Personal services	63,570	66,795	\$ 66,000	\$ (795)
Commodities	14,440	14,444	18,350	3,906
Contractual services	31,872	30,106	60,950	30,844
Capital outlay	13,790	1,900	5,000	3,100
Total expenditures	<u>123,672</u>	<u>113,245</u>	<u>\$ 150,300</u>	<u>\$ 37,055</u>
Receipts over (under) expenditures	(47,643)	(25,539)		
Unencumbered cash, beginning of year	<u>176,339</u>	<u>128,696</u>	<u>\$ 66,774</u>	<u>\$ 61,922</u>
Unencumbered cash, end of year	<u>\$ 128,696</u>	<u>\$ 103,157</u>		

The accompanying notes are an integral part of the financial statements.

KEARNY COUNTY, KANSAS

COUNTY HEALTH FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 96,336	\$ 95,890	\$ 96,887	\$ (997)
Delinquent tax	316	586	-	586
Motor vehicle tax	1,708	1,769	1,736	33
Recreational vehicle tax	-	-	79	(79)
16/20M truck tax	49	52	57	(5)
Antique tag tax	14	17	-	17
Shared revenue:				
Title XIX	8,410	7,786	7,000	786
Total cash receipts	<u>106,833</u>	<u>106,100</u>	<u>\$ 105,759</u>	<u>\$ 341</u>
Expenditures:				
Health and welfare:				
Personal services	101,101	96,430	\$ 106,678	\$ 10,248
Commodities	1,090	1,269	2,625	1,356
Contractual services	1,046	2,624	5,300	2,676
Capital outlay	-	-	7,750	7,750
Total expenditures	<u>103,237</u>	<u>100,323</u>	<u>\$ 122,353</u>	<u>\$ 22,030</u>
Receipts over (under) expenditures	3,596	5,777		
Unencumbered cash, beginning of year	<u>44,018</u>	<u>47,614</u>	<u>\$ 16,594</u>	<u>\$ 31,020</u>
Unencumbered cash, end of year	<u>\$ 47,614</u>	<u>\$ 53,391</u>		

The accompanying notes are an integral part of the financial statements.

KEARNY COUNTY, KANSAS

NOXIOUS WEED FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 192,401	\$ 210,770	\$ 204,779	\$ 5,991
Delinquent tax	697	1,309	967	342
Motor vehicle tax	4,801	3,962	3,463	499
Recreational vehicle tax	-	-	157	(157)
16/20M truck tax	61	164	113	51
Antique tag tax	19	52	-	52
Total cash receipts	<u>197,979</u>	<u>216,257</u>	<u>\$ 209,479</u>	<u>\$ 6,778</u>
Expenditures:				
Highways and streets:				
Personal services	39,272	38,449	\$ 42,000	\$ 3,551
Commodities	181,521	191,511	276,490	84,979
Contractual services	6,288	5,799	8,100	2,301
Capital outlay	-	1,066	8,200	7,134
Reimbursed expenditures	(4,224)	(4,095)	-	4,095
Total expenditures	<u>222,857</u>	<u>232,730</u>	<u>\$ 334,790</u>	<u>\$ 102,060</u>
Receipts over (under) expenditures	(24,878)	(16,473)		
Unencumbered cash, beginning of year	<u>281,752</u>	<u>256,874</u>	<u>\$ 125,311</u>	<u>\$ 131,563</u>
Unencumbered cash, end of year	<u>\$ 256,874</u>	<u>\$ 240,401</u>		

The accompanying notes are an integral part of the financial statements.

KEARNY COUNTY, KANSAS

AMBULANCE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 384,532	\$ 332,486	\$ 323,103	\$ 9,383
Delinquent tax	1,237	2,103	1,933	170
Motor vehicle tax	6,106	6,879	6,926	(47)
Recreational vehicle tax	-	-	314	(314)
16/20M truck tax	188	184	226	(42)
Antique tag tax	55	58	-	58
Charges for services	91,364	83,935	50,000	33,935
Total cash receipts	483,482	425,645	\$ 382,502	\$ 43,143
Expenditures:				
Health and welfare:				
Personal services	359,882	339,713	\$ 425,275	\$ 85,562
Commodities	28,243	32,240	32,000	(240)
Contractual services	17,280	13,348	17,775	4,427
Capital outlay	-	4,746	7,300	2,554
Total expenditures	405,405	390,047	\$ 482,350	\$ 92,303
Receipts over (under) expenditures	78,077	35,598		
Unencumbered cash, beginning of year	163,477	241,554	\$ 99,848	\$ 141,706
Unencumbered cash, end of year	\$ 241,554	\$ 277,152		

The accompanying notes are an integral part of the financial statements.

KEARNY COUNTY, KANSAS

LIBRARY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 330,681	\$ 342,548	\$ 332,732	\$ 9,816
Delinquent tax	1,093	2,075	1,662	413
Motor vehicle tax	6,058	6,108	5,957	151
Recreational vehicle tax	-	-	270	(270)
16/20M truck tax	175	185	194	(9)
Antique tag tax	51	59	-	59
Total cash receipts	338,058	350,975	\$ 340,815	\$ 10,160
Expenditures:				
Transfers to component unit:				
Kearny County Library	346,640	344,381	\$ 344,381	\$ -
Receipts over (under) expenditures	(8,582)	6,594		
Unencumbered cash, beginning of year	16,124	7,542	\$ 3,566	\$ 3,976
Unencumbered cash, end of year	\$ 7,542	\$ 14,136		

The accompanying notes are an integral part of the financial statements.

KEARNY COUNTY, KANSAS

APPRAISER'S COST FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 152,352	\$ 124,563	\$ 121,052	\$ 3,511
Delinquent tax	508	817	765	52
Motor vehicle tax	2,819	2,809	2,741	68
Recreational vehicle tax	-	-	124	(124)
16/20M truck tax	88	84	89	(5)
Antique tag tax	26	27	-	27
Other	2	751	-	751
Total cash receipts	<u>155,795</u>	<u>129,051</u>	<u>\$ 124,771</u>	<u>\$ 4,280</u>
Expenditures:				
General government:				
Personal services	49,739	50,984	\$ 52,224	\$ 1,240
Commodities	3,314	1,241	4,000	2,759
Contractual services	109,361	112,499	114,280	1,781
Capital outlay	4,016	3,323	4,500	1,177
Total expenditures	<u>166,430</u>	<u>168,047</u>	<u>\$ 175,004</u>	<u>\$ 6,957</u>
Receipts over (under) expenditures	(10,635)	(38,996)		
Unencumbered cash, beginning of year	<u>90,901</u>	<u>80,266</u>	<u>\$ 50,233</u>	<u>\$ 30,033</u>
Unencumbered cash, end of year	<u>\$ 80,266</u>	<u>\$ 41,270</u>		

The accompanying notes are an integral part of the financial statements.

KEARNY COUNTY, KANSAS

EMPLOYEE BENEFITS FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 1,022,082	\$ 1,613,244	\$ 1,567,655	\$ 45,589
Delinquent tax	3,329	8,745	5,140	3,605
Motor vehicle tax	17,033	18,448	18,416	32
Recreational vehicle tax	-	-	834	(834)
16/20M truck tax	529	511	600	(89)
Antique tag tax	156	163	-	163
Total cash receipts	1,043,129	1,641,111	<u>\$ 1,592,645</u>	<u>\$ 48,466</u>
Expenditures:				
General government:				
Contractual services	1,274,914	1,390,911	<u>\$ 1,626,500</u>	<u>\$ 235,589</u>
Receipts over (under) expenditures	(231,785)	250,200		
Unencumbered cash, beginning of year	408,689	176,904	<u>\$ 33,855</u>	<u>\$ 143,049</u>
Unencumbered cash, end of year	<u>\$ 176,904</u>	<u>\$ 427,104</u>		

The accompanying notes are an integral
part of the financial statements.

KEARNY COUNTY, KANSAS

SPECIAL ALCOHOL AND DRUG FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Shared revenue	\$ 524	\$ 1,086	<u> 300</u>	<u> 786</u>
Expenditures:				
Health and welfare:				
Contractual services	<u> -</u>	<u> -</u>	<u> 1,700</u>	<u> 1,700</u>
Receipts over (under) expenditures	524	1,086		
Unencumbered cash, beginning of year	<u> 1,484</u>	<u> 2,008</u>	<u> 1,784</u>	<u> 224</u>
Unencumbered cash, end of year	<u> 2,008</u>	<u> 3,094</u>	<u> 384</u>	<u> 2,710</u>

The accompanying notes are an integral
part of the financial statements.

KEARNY COUNTY, KANSAS

HPRV/HOSPITAL BOND DEBT SERVICE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 1,505,656	\$ 1,503,682	\$ 1,461,177	\$ 42,505
Delinquent tax	4,833	9,124	7,572	1,552
Motor vehicle tax	22,709	26,385	27,132	(747)
Recreational vehicle tax	-	-	1,228	(1,228)
16/20M truck tax	874	642	884	(242)
Antique tag tax	257	205	-	205
Bond proceeds, net of fees	9,167	-	-	-
Total cash receipts	<u>1,543,496</u>	<u>1,540,038</u>	<u>\$ 1,497,993</u>	<u>\$ 42,045</u>
Expenditures:				
Debt service:				
Principal	1,405,000	1,440,000	\$ 1,440,000	\$ -
Interest	142,361	77,175	77,175	-
Commission and fees	-	-	1,000	1,000
Total expenditures	<u>1,547,361</u>	<u>1,517,175</u>	<u>\$ 1,518,175</u>	<u>\$ 1,000</u>
Receipts over (under) expenditures	(3,865)	22,863		
Unencumbered cash, beginning of year	<u>55,718</u>	<u>51,853</u>	<u>\$ 20,182</u>	<u>\$ 31,671</u>
Unencumbered cash, end of year	<u>\$ 51,853</u>	<u>\$ 74,716</u>		

The accompanying notes are an integral
part of the financial statements.

KEARNY COUNTY, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES ALL NON-BUDGETED FUNDS

Year ended December 31, 2011

	Special revenue				Special machinery and equipment
	Capital equipment	Capital improvement	E-911	Airport improvement	
Cash receipts:					
Grants	\$ -	\$ -	\$ 6,375	\$ 152,232	\$ -
Licenses, permits and fees	-	-	-	-	-
Interest	-	-	-	-	-
Sale of assets and other	-	-	-	-	230,700
Operating transfers in	174,788	122,940	-	-	200,000
Total cash receipts	174,788	122,940	6,375	152,232	430,700
Expenditures:					
Personal services	-	-	-	-	-
Commodities	-	-	-	-	-
Contractual services	2,000	-	-	195,008	-
Capital outlay	62,770	88,056	-	-	290,000
Operating transfers out	102,940	174,788	-	-	-
Total expenditures	167,710	262,844	-	195,008	290,000
Receipts over (under) expenditures	7,078	(139,904)	6,375	(42,776)	140,700
Unencumbered cash, beginning of year	5,000	1,956,395	1,177	-	1,176,022
Unencumbered cash, end of year	<u>\$ 12,078</u>	<u>\$ 1,816,491</u>	<u>\$ 7,552</u>	<u>\$ (42,776)</u>	<u>\$ 1,316,722</u>

Special revenue

Highway improvement	Special health and welfare	Health title XIX	Healthy start	Bio-terrorism grant	Pandemic flu
\$ -	\$ -	\$ 4,732	\$ 5,645	\$ 12,676	\$ 150
-	-	-	-	-	-
-	19	-	-	-	-
-	3,239	37,024	-	-	-
200,000	-	-	-	-	-
200,000	3,258	41,756	5,645	12,676	150
-	-	-	2,587	3,016	8,000
-	3,099	326	778	491	-
-	-	38,786	1,579	4,199	-
30,015	-	-	-	1,237	3,835
1,500,000	-	-	-	-	-
1,530,015	3,099	39,112	4,944	8,943	11,835
(1,330,015)	159	2,644	701	3,733	(11,685)
2,072,070	10,698	30,944	11,956	10,966	11,691
<u>\$ 742,055</u>	<u>\$ 10,857</u>	<u>\$ 33,588</u>	<u>\$ 12,657</u>	<u>\$ 14,699</u>	<u>\$ 6</u>

KEARNY COUNTY, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES ALL NON-BUDGETED FUNDS (CONTINUED)

Year ended December 31, 2011

	Special revenue			
	Special motor vehicle	Register of deeds technology	Prosecuting attorney's training	Total
Cash receipts:				
Grants	\$ -	\$ -	\$ -	\$ 181,810
Licenses, permits and fees	41,322	6,499	801	48,622
Interest	-	-	-	19
Other	1,070	-	-	272,033
Operating transfers in	-	-	-	697,728
Total cash receipts	42,392	6,499	801	1,200,212
Expenditures:				
Personal services	14,649	-	-	28,252
Commodities	1,146	-	-	5,840
Contractual services	5,130	4,296	393	251,391
Capital outlay	732	-	-	476,645
Operating transfers out	20,733	-	-	1,798,461
Total expenditures	42,390	4,296	393	2,560,589
Receipts over (under) expenditures	2	2,203	408	(1,360,377)
Unencumbered cash, beginning of year	3,500	19,798	9,665	5,319,882
Unencumbered cash, end of year	\$ 3,502	\$ 22,001	\$ 10,073	\$ 3,959,505

The accompanying notes are an integral
part of the financial statements.

KEARNY COUNTY, KANSAS

AGENCY FUNDS

SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS

Year ended December 31, 2011

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Cash receipts</u>	<u>Cash disbursements</u>	<u>Ending cash balance</u>
County clerk	\$ -	\$ 7,888	\$ 7,888	\$ -
Register of deeds	-	74,325	74,325	-
District court	17,411	326,722	326,197	17,936
Sheriff	6,753	116,334	112,823	10,264
Tax collection accounts	11,332,583	21,702,969	19,793,467	13,242,085
Local taxing districts	55,571	9,487,005	9,499,444	43,131
Payroll clearing funds	10,336	608,469	605,598	13,208
Sales tax collections	17,870	247,857	248,465	17,262
Motor vehicle fees	-	415,912	415,912	-
Mortgage registration fees	-	50,071	50,071	-
Fish and game licenses	-	6,589	6,589	-
District court costs	1,449	4,252	4,599	1,102
Law library	48,097	2,845	658	50,284
Total	<u>\$ 11,490,070</u>	<u>\$ 33,051,237</u>	<u>\$ 31,146,036</u>	<u>\$ 13,395,271</u>

The accompanying notes are an integral
part of the financial statements.

KEARNY COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist in understanding the County's financial statements, which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are representations of the County's management, which is responsible for their integrity and objectivity. The amounts shown for 2010 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2011, and are not intended to present all information necessary for a fair presentation in accordance with the basis of accounting as described below.

1. Financial reporting entity

Kearny County, Kansas is a municipal corporation governed by an elected three-member commission. The scope of the entity for financial reporting purposes is defined as those funds for which the governing body of the County has financial accountability. Financial accountability includes budgetary authority and fiscal management responsibility. Budgetary authority is defined as authority for final approval of budgetary appropriations and revisions. Fiscal management responsibility is control of the collection and disbursement of funds. These financial statements include all funds included in the County's legally adopted budget and fiduciary funds controlled or administered by County employees in their capacity as County employees. These financial statements present Kearny County, Kansas (the primary government) and do not include its component units.

Component units

Kearny County Hospital: The members of the governing board of the Hospital are appointed by the County Commissioners. The Hospital is fiscally dependent on the County because the operating budget is approved by the County Commissioners and the County provides substantial financial support to the Hospital.

Memorial Building: The governing board of the Memorial Building is appointed by the County Commissioners and the Memorial Building is supported by the County.

Kearny County Free Fair: The members of the governing board of the Free Fair are approved by the County Commissioners. The Free Fair is fiscally dependent on the County because the County provides substantial support to the Free Fair.

Kearny County Library: The members of the governing board of the Library are appointed by the County Commissioners. Although the County Commissioners do not have the authority to modify or approve the Library operating budget, the Library is fiscally dependent on the County because the County provides substantial financial support.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Financial reporting entity (continued)

Component units (continued)

Kearny County Historical Society: The governing body of the Historical Society is elected from among its members. The Historical Society is fiscally dependent upon the County because the operating budget is approved by the County Commissioners and the County provides substantial financial support to the Historical Society.

Kearny County Council on Aging: The Council on Aging is a corporation organized under the laws of the State of Kansas. It has a twelve member governing board, of which one voting member is appointed by the County Commissioners and the rest are elected. The Council on Aging is fiscally dependent upon the County because the operating budget is approved by the County Commissioners and the County provides substantial financial support to the Council on Aging.

Extension Council: The Extension Council has an elected board for its governing body. The County can impose its will on the Extension Council because it has the ability to modify or approve the operating budget of the Council. Because the Council receives substantial financial support from the County, it is fiscally dependent on the County, although it receives some other support.

Kearny County Conservation District: The Conservation District has an elected board for its governing body. The County can impose its will on the Conservation District because it has the ability to modify or approve the operating budget of the District. Because the District receives substantial financial support from the County, it is fiscally dependent on the County, although it receives some other support.

Financial information of the individual component units may be obtained directly from their administrative offices as follows:

Administrative Offices:

Kearny County Hospital
500 Thorpe
Lakin, Kansas 67860

Memorial Building
N. Main
Lakin, Kansas 67860

Kearny County Free Fair
P.O. Box 85
218 N. Main
Lakin, Kansas 67860

Kearny County Library
P. O. Box 773
Main & Prairie
Lakin, Kansas 67860

Kearny County Historical Society
P. O. Box 329
Lakin, Kansas 67860

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Financial reporting entity (continued)

Component units (continued)

Administrative Offices (continued):

Kearny County Council on Aging
P. O. Box 348
Lakin, Kansas 67860

Extension Council
P. O. Box 85
218 N. Main
Lakin, Kansas 67860

Kearny County Conservation District
P. O. Box 25
104 E. Prairie
Lakin, Kansas 67860

2. Fund accounting

The accounts of the County are organized on the basis of funds. In governmental accounting a fund is designated as a sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations and constituting an independent fiscal and accounting entity. County resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following funds comprise the financial activities of the County for the year of 2011.

GOVERNMENTAL FUNDS

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund

This fund is established to account for resources devoted to financing the general services that the County performs for its citizens. General tax receipts and other sources of receipts used to finance the fundamental operations of the County are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds

These funds are established to account for the proceeds of specific sources other than special assessments, trust funds or major capital projects that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Fund

This fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than that payable from enterprise funds.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fund accounting (continued)

FIDUCIARY FUNDS

Agency Funds

Agency funds are used to account for assets held by the County as an agent for individuals, other governments and/or other funds.

3. Statutory basis of accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

The County has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the County to use the statutory basis of accounting.

4. Departure from accounting principles generally accepted in the United State of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. A statement of net assets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance is not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the County are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences is not presented in the financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting in which revenues are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds, and the following special revenue funds:

Capital Equipment	Health Title XIX
Capital Improvement	Healthy Start
E-911	Bio-terrorism Grant
Airport Improvement	Pandemic Flu
Special Machinery and Equipment	Special Motor Vehicle
Highway Improvement	Register of Deeds Technology
Special Health and Welfare	Prosecuting Attorney's Training

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Cash and investments

To facilitate better management of the County's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash amount. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are distributed to the General Fund and other appropriate funds. Temporary investments consist of time deposits and certificates of deposit and they are reported at fair value which is the same as cost.

7. Compensated absences

Employees accrue from six to eighteen days of vacation per year depending upon years of service. The County's policy permits employees to accumulate a maximum of 144 hours to be carried over to the next year. Upon resignation or retirement from service with the County, employees are entitled to payment for only the vacation accrued at that time up to the 144 hour maximum. All full-time employees earn sick leave at a rate of 3.69 hours per pay period, with a maximum accumulation of 120 days. No sick leave is paid upon resignation or termination. Upon retirement, if an employee has accrued the maximum amount of sick leave, he may be paid for ten days. The County has a shared sick leave bank to which employees may donate unused sick leave. It can then be used by any employee as needed.

8. Pension plan

Substantially all full-time employees of the County are members of the State of Kansas Public Employees' Retirement System (KPERs) or the Kansas Police and Firemen's Retirement System (KP&F), both of which are cost-sharing multiple-employer state-wide pension plans. The County's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

9. Section 125 Flexible Benefit Plan

The County offers a Section 125 Flexible Benefit Plan to employees electing to participate. It is to be used for health insurance premiums, other medical costs, and child care costs.

10. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases commercial insurance to cover health, property, liability, and worker's compensation claims. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

11. Other post employment benefits

As provided by K.S.A. 12-5040, the County allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the County is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements. The County has implemented policy to subsidize deductible and co-insurance amounts for individuals participating in the group insurance after retirement.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Other post employment benefits (continued)

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the County makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the County under this program.

12. Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts and the disclosures at the date of the financial statements. Actual results could differ from those estimates.

B. COMPLIANCE WITH KANSAS LAW

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration to the Director of Accounts and Reports and interpretation by the legal representatives of the County.

K.S.A. 10-306 limits the amount of bonded indebtedness that a county may have outstanding at any one time to 3% of the assessed valuation of taxable tangible property within the county. At year end, the County had \$2,955,000 of general obligation healthcare improvement bonds outstanding. Pursuant to K.S.A. 19-4601 these bonds are exempt from the debt limitation requirements.

Although the Airport Improvement Fund has a negative cash balance, according to K.S.A. 12-1664 the County is not prohibited from financing the federal share of a local program from current finds if available.

C. DEPOSITS AND INVESTMENTS

Policies. The County has no formal deposit and investment policies; however it does follow state statutes. K.S.A. 9-1401 establishes the depositories which may be used by the County. The statute requires banks eligible to hold the County's funds to have a main or branch bank in the county, or in an adjoining county if such institution has been designated as an official depository, and the banks to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the County's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

Policies. K.S.A. 12-1675 limits the County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Additionally, K.S.A. 10-131(a)(6) authorizes the County to invest proceeds of bonds in obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or the Federal Home Loan Mortgage Corporation. State statutes place no limit on the amount the County may invest in any one issuer.

C. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. At year-end the carrying amount of the County's deposits, including certificates of deposit, was \$20,880,826. The bank balance was \$21,049,083. Of the bank balance, \$578,329 was covered by FDIC insurance, \$20,470,754 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the County's name.

D. LANDFILL CLOSURE AND POSTCLOSURE COSTS

State and federal laws and regulations require the County to place a final cover on landfill sites and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as a change in long-term debt in each period based on landfill capacity used as of each financial statement date.

The landfill closure and postclosure care liability of \$121,711, reported at December 31, 2011, represents the cumulative amount reported to date based on the use of 80% of the estimated capacity of the area currently open. The County will recognize the remaining estimated liability for closure and postclosure care of \$138,354 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. The County estimates the life of the current landfill cell to be approximately one year. Actual costs may differ due to inflation or deflation and changes in technology or in regulations. The County will cover these costs through future ad valorem tax revenues.

The County is meeting the financial assurance requirements through the Local Government Financial Test. This test involves four components: financial, public notice, recordkeeping and reporting, and calculation of costs to be assured. The County has satisfied all four requirements.

E. DEFEASED BONDS

On June 1, 2010, the County issued \$4,450,000 in general obligation bonds with interest rates ranging from .90% to 2.00% to advance refund \$4,350,000 of outstanding 2005 Series bonds for the Hospital. The net proceeds of \$4,426,150, after payment of \$18,500 issuance costs was applied to the refunded bonds plus interest of \$76,150. As a result, the refunded portions of the 2005 Series bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt footnote.

The County advance refunded the callable portions of the 2005 Series bonds to reduce its total debt service payments over the next 3 years by \$69,597 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$108,527.

F. LONG-TERM DEBT

Changes in long-term liabilities for the entity for the year ended December 31, 2011, were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions/ net change</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Healthcare improvement refunding, Series 2010 Issued June 1, 2010 In the amount of \$4,450,000 At interest rates of .90% to 2.0% Maturing September 1, 2013	\$ 4,395,000	\$ -	\$ 1,440,000	\$ 2,955,000	\$ 77,175
Compensated absences:					
Vacation	85,489	912	-	86,401	
Shared sick leave pool	84,990	8,544	-	93,534	
Landfill closure and post closure care	<u>111,641</u>	<u>10,070</u>	<u>-</u>	<u>121,711</u>	
Total long-term debt	<u>\$ 4,677,120</u>	<u>\$ 19,526</u>	<u>\$ 1,440,000</u>	<u>\$ 3,256,346</u>	<u>\$ 77,175</u>

Current maturities of general obligation bonds and interest for the next two years are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2012	\$ 1,465,000	\$ 51,850	\$ 1,516,850
2013	<u>1,490,000</u>	<u>22,400</u>	<u>1,512,400</u>
Total	<u>\$ 2,955,000</u>	<u>\$ 74,250</u>	<u>\$ 3,029,250</u>

G. INTERFUND TRANSACTIONS

During the course of normal operations, the County has numerous transactions between funds including expenditures and transfers of resources to provide services, purchase and construct assets and service debt. The governmental funds generally reflect such transactions as transfers.

A summary of interfund transfers is as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Statutory authority</u>
Operating transfers:			
General	Capital Improvement	\$ 20,000	K.S.A. 19-120
Road and Bridge	Special Machinery and Equipment	200,000	K.S.A. 68-590
Road and Bridge	Highway Improvement	200,000	K.S.A. 68-590
Capital Improvement	Capital Equipment	174,788	K.S.A. 19-119
Special Motor Vehicle	General	20,733	K.S.A. 8-145
Highway Improvement	Road and Bridge	1,500,000	K.S.A. 68-590
Capital Equipment	Capital Improvement	<u>102,940</u>	K.S.A. 19-120
		<u>\$2,218,461</u>	

H. DEFINED BENEFIT PENSION PLAN

Plan description. Kearny County, Kansas contributes to the Kansas Public Employees Retirement System (KPERS), and the Kansas Police and Firemen's Retirement System (KP&F). Both of which are cost-sharing multiple-employer defined benefit pension plans as provided by K.S.A. 74-4901, et seq. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1, and 6% for Tier 2 (employees hired on or after July 1, 2009). K.S.A. 74-4975 establishes KP&F member-employer contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established for 2011 is 7.74%. Kearny County's employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$139,861, \$128,785, and \$105,452, respectively, equal to the required contributions for each year. The KP&F employer rate established for calendar year 2011 is 14.57%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. Kearny County's employer contribution to KP&F for the years ending December 31, 2011, 2010, and 2009 were \$121,621, \$103,987, and 118,399 respectively, equal to the required contributions for each year.

I. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 8, 2012, the date on which the financial statements were available to be issued. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.